May 28, 2024

U.S. Environmental Protection Agency
EPA Docket Center
Office of Air and Radiation Docket
Mail Code 28221T
1200 Pennsylvania Avenue NW
Washington, DC 20460

Attn: Docket ID No. EPA-HQ-OAR-2024-0135

RE: Comments of American Municipal Power, Inc. on non-rulemaking docket Existing Stationary Combustion Turbine EGUs Framing Questions for Stakeholder Input (March 26, 2024).

Dear EPA Administrator Regan and Agency Staff:

The Environmental Protection Agency ("EPA" or "Agency") recently announced plans to regulate carbon dioxide ("CO_2") emissions from the entire existing fleet of natural gas stationary combustion turbines[1] under section 111(d) of the Clean Air Act ("CAA" or "Act"). As a result, EPA will be establishing emission guidelines requiring states to adopt, implement, and enforce performance standards for limiting CO_2 emissions from existing peaking, intermediate-load, and baseload combustion turbines. This regulatory initiative to set CO_2 performance standards for existing combustion turbines will be part of a broader, coordinated effort by EPA also to regulate hazardous air pollutants ("HAPs") from both new and existing combustion turbines under section 112 of the CAA, as well as the emissions of nitrogen oxides ("NOx") from new and modified combustion turbines under section 111(b) of the Act.

As a first step, EPA is seeking public input regarding key policy, regulatory, and technical matters that can help to inform the Agency on the design and implementation of emission control measures from natural gas combustion turbines in a coordinated manner under these three CAA regulatory initiatives. To assist in the gathering of this input, EPA has opened a nonregulatory docket and issued a white paper outlining "framing questions" on which industry and other interested stakeholders can submit comments. These framing questions focus principally on the regulation of CO_2 emissions from existing combustion turbines, although EPA also is seeking

[1] Reference to natural gas combustion turbines or combustion turbines herein also includes reference to those combustion turbines that may be combusting fuel oil or other fossil-fueled derivatives, either separately from or in combination with, natural gas.

AMP • 1111 Schrock Road, Suite 100 • Columbus, Ohio 43229 • Tel. 614.540.1111 • Fax 614.540.1081 • www.amppartners.org

input on how those CO_2 control requirements can be coordinated in an effective and efficient manner with future control requirements now being developed for regulating HAP and NOx emissions from combustion turbines.

In response to the Agency's request, American Municipal Power, Inc. ("AMP") is submitting the following written comments proposing high-level policy principles to aid EPA's development of CO_2 performance standards for existing natural gas combustion turbines and how those standards should be coordinated with any future performance standards that EPA may also develop for regulating combustion turbines emissions of HAPs under section 112 and NOx under section 111(b) of the CAA.

BACKGROUND ON AMP AND OVERVIEW OF PERSPECTIVE AND APPROACH

As background, AMP is the nonprofit wholesale power supplier and services provider for 132 Members in the states of Indiana, Kentucky, Maryland, Michigan, Ohio, Pennsylvania, Virginia, West Virginia, and the Delaware Municipal Electric Corporation, a joint action agency with eight Delaware municipal Members. AMP's Members collectively serve approximately 650,000 residential, commercial, and industrial customers and have a system peak of more than 3,400 megawatts ("MW"). AMP's core mission is to be public power's leader in wholesale energy supply and value-added Member services. AMP offers its Member municipal electric systems the benefits of scale and expertise in providing and managing energy services. AMP serves as a joint action organization representing Members with a broad spectrum of unique views; some of our Members may file separate comments.

In recognition of our unique position representing the interests of both customers and owners and operators of electric generating assets in Illinois, Kentucky, Michigan, Ohio, Pennsylvania, and West Virginia, AMP offers the following comments outlining general policy principles that we believe should guide EPA's development of CO_2 performance standards for existing natural gas combustion turbines and the coordination of those standards with other upcoming rules for regulating HAPs and NOx emissions under the CAA.

These high-level policy principles reflect AMP's core values for promoting reliability, flexibility, affordability, and feasibility. As proposed in the principles outlined below, EPA's upcoming rules to regulate natural gas combustion turbines should be designed in manner that achieves these core values by:

- *Ensuring electric grid reliability* by avoiding the intentional or unintentional shutdown of existing natural gas generation to avoid the retirement of existing, dispatchable generation before replacement generating capacity can be built and brought online with at least the same accredited capacity and other reliability attributes as the retiring capacity;

- *Establishing a workable regulatory framework that maximizes compliance flexibility* for implementation of emissions requirements over reasonable time horizons through flexible emissions averaging or market-based mechanisms and providing states with sufficient time and broad discretion in the development of state plans for implementing the

emissions requirements in a flexible, cost-effective manner that is tailored to state and local priorities to the maximum extent;

- *Maintaining affordability of reliable electricity for retail customers and businesses* that AMP and its Members serve by adopting reasonably achievable requirements that do not impose exorbitant emission control costs incommensurate with environmental gains and avoid stranded costs resulting from the forced premature retirement of existing electric generating facilities; and

- *Developing reasonably achievable performance standards* for reducing CO_2 and other air emissions that are based on technically and economically feasible measures.

AMP Comments – Guiding Principles for Regulating Natural Gas Generation

I. RECOGNIZE THE CRITICAL ROLE OF NATURAL GAS GENERATION

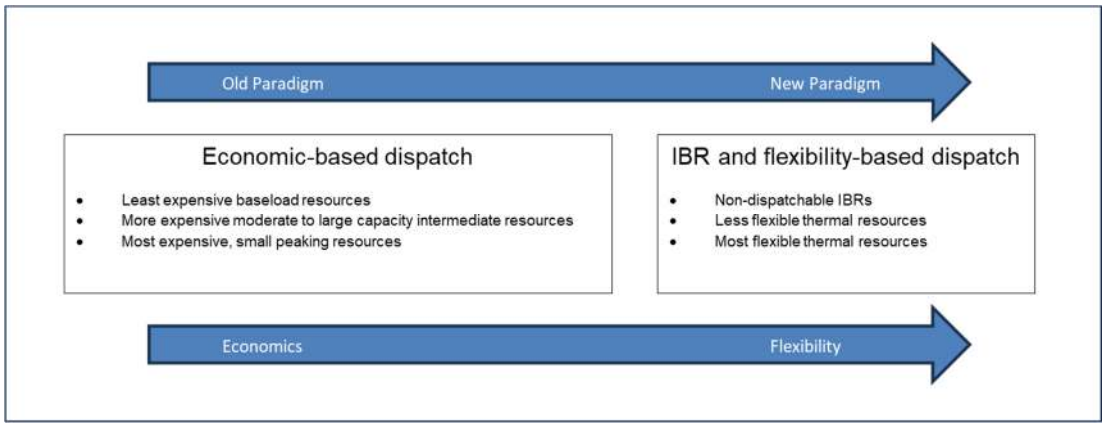
Natural gas combustion turbines are critically important for ensuring electric grid reliability as electric utilities retire their existing coal-fired electric generating units ("EGUs") and transition to low- and non-emitting CO_2 generation. Existing natural gas generation is therefore already playing a crucial role in the replacement of dispatchable EGU generating capacity with the significant declines in coal-fired generation in recent years.

This trend will only continue to occur and intensify in both the near- and long-term. As a result, existing natural gas generation will play an increasingly critical role in maintaining reliability as increasing amounts of renewable energy generation are interconnected, providing necessary capacity and essential reliability services, as well as helping to preserve customer affordability. The fast-ramping capability of natural gas combustion turbines supports the reliable integration of variable renewable generating resources. Furthermore, existing natural gas combustion turbines – if regulated through reasonably achievable CO_2 emission control measures and flexible implementation mechanisms – can play an important role in not just ensuring electric grid reliability, but also helping to contain electricity costs and thereby preserve customer affordability.

EPA should recognize that as existing coal-fired generating capacity retires, existing and new combustion turbines (including combined cycle plants) will take on increased importance for ensuring electric grid reliability. In effect, natural gas generation will play an important role in providing dispatchable generation and replacing the ancillary services required to ensure electric grid reliability in an efficient and cost-effective manner. Natural gas-fired turbines (including combined cycle plants) are therefore needed to supplement growing demand and support the increasingly complex operation of the modern grid as additional large amounts of intermittent, variable, and limited duration resources (such as wind, solar, and storage) come online.

EPA's design framework for the regulation of existing natural gas generation should reflect, and be compatible with, the operational duties and functions that existing natural gas combustion turbines (including combined cycle plants) must perform now and in the future to ensure electric grid reliability. AMP and the rest of the electric sector are observing a significant

shift in how generation assets are utilized as the resource mix changes from primarily thermal based to one comprised primarily of Inverter Based Resources ("IBRs"). This transition is resulting in a move from an "economic-based dispatch" paradigm to an "IBRs and flexible resources" paradigm. One important concept emerging from this transition is that operation of generating resources are no longer entirely driven by cost, but by how operationally flexible those remaining dispatchable resources are when supporting IBRs.



Resources that are the most flexible will be the most critical to reliability as these assets will be increasingly relied upon to manage the fluctuations of IBRs during periods of generation shortfall due to weather, seasonal changes, forced outages, and other issues. Proposed rules from the EPA should be mindful to avoid restricting the ability of dispatchable resources to spin up quickly to ensure supply on short notice (simple cycle CTs) and load-following assets that are able to shift output to ensure reliability in response to IBRs coming on and off the grid (combined cycle CTs). AMP encourages EPA to avoid establishing an inflexible regulatory framework based on an old model of load levels and annual average capacity factors while ignoring the reality of current and future plant operations. That inflexible framework could impair the ability of simple and combined cycle CTs to perform their critical support and reliability functions effectively and efficiently.

II. RESPECT STATE PRIMACY

Section 111(d) of the CAA establishes a joint federal-state partnership for the regulation of existing natural gas combustion turbines. This partnership calls for EPA to establish general emission guidelines on how states may regulate existing combustion turbines. Once EPA establishes the emission guidelines, states are responsible for developing, implementing, and enforcing CO_2 performance standards for each affected combustion turbine in accordance with those guidelines. EPA cannot dictate the performance standards states must adopt or how states should regulate existing combustion turbines within their jurisdiction under section 111(d) of the Act.

Rather, states should have wide latitude in setting CO_2 performance standards for individual existing combustion turbines within their jurisdiction, as expressly authorized by both

the statute and EPA's implementing regulations.[2] Most importantly, EPA emissions guidelines should recognize states' authority to adjust the stringency of performance standards or extend compliance deadlines based on the remaining useful life of the particular plant or other site-specific factors. These factors include unreasonable costs of emissions controls resulting from plant age, location, or basic design process, physical impossibility of installing the necessary control equipment, or other factors associated with the facility that make application of a less stringent standard or a later compliance deadline -more reasonable.[3] In addition, as discussed below, emissions guidelines should establish effective regulatory mechanisms specifically designed to provide increased compliance flexibility without impairing resource adequacy and electric grid reliability.

III. ESTABLISH A WORKABLE AND EFFECTIVE FRAMEWORK FOR SUBCATEGORIZATION

The existing fleet of natural gas turbines is diverse, from a size, technology, efficiency, emissions and operations perspective, which makes developing an effective and workable regulatory scheme a challenging task. This diversity requires the Agency to establish a subcategorization framework that does not create perverse incentives to either retire early existing combustion turbines or operate those units at reduced load levels (well below their design levels) in order to avoid onerous and overly stringent CO_2 performance standards that would require the installation of costly and/or technically unproven control measures if the turbines were operated at higher annual capacity factors.

Similarly, that regulatory framework should not mandate the installation and operation of carbon capture and sequestration ("CCS") or other such add-on technologies for reducing CO_2 emissions from the flue gas that are fundamentally incompatible with the operational characteristics and duties of load-following natural combustion turbines (including combined cycle combustion turbines).The problems caused by an inappropriate subcategorization framework are clearly illustrated in the Agency's proposed approach for regulating the largest, most frequently operated existing combustion turbines with a generating capacity above 300 MW and an annual capacity factor greater than 50%. The Agency's proposal was to impose stringent CO_2 performance standards based on either co-firing with clean hydrogen or installation of full CCS.[4] Although ultimately not adopted, this regulatory approach would have had significant negative consequences for reliability, affordability, generating efficiency, and emissions from the electric power sector because most combustion units would likely opt to limit operations or even retire prematurely rather than attempt to comply with performance standards requiring the installation of costly and unproven CO_2 control measures.[5]

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[2] *See* Section 111(d)(1) of the CAA; 40 C.F.R. 60.24.
[3] 40 C.F.R. §60.24(f).
[4] 88 Federal Register 33245-33246 (May 23, 2023)
[5] Similar problems also are expected to result from the new CO_2 performance standards set for new and reconstructed baseload combustion turbines with an annual capacity factor above 40% under the recently issued final power plant CO_2 rule. In the case of these new baseload units, the performance standard imposes a phase 2 emission limitation of 100 lb. CO_2/MWh-gross based on full CCS with a 90% capture rate, beginning January 1, 2032.

EPA should develop a subcategorization scheme that avoids these impacts and encourages the use of efficient units that are needed to support grid resilience and reliability. Specifically, the subcategorization framework should endeavor to increase utilization of efficient and necessary turbines, relative to the location, instead of incentivizing the dispatch of smaller, less efficient plants to meet ever-growing electricity demand. The framework should also retain the necessary existing generating capacity, particularly with reliability attributes, like dispatchable capacity and load following functionality. As coal-fired baseload generating capacity continues to shut down, the existence and retention of existing dispatchable and load following resources to preserving reliability increases in importance. When developing standards, EPA should therefore recognize and tailor obligations for existing natural gas combustion turbine units to the unique factors and operational scenarios both that exist today and the future.

IV. SET ACHIEVABLE STANDARDS BASED ON ADEQUATELY DEMONSTRATED TECHNOLOGIES

The CAA directs EPA to identify the "best system of emissions reduction" ("BSER") that has been shown to be "adequately demonstrated" for existing sources in the regulated source category and that will result in "emission limitations" that are "achievable" by existing sources within the regulated source category.[6] Based on this statutory directive, EPA's BSER determination should be based on reasonable and cost-effective control measures for limiting CO_2 emissions from existing combustion turbines, and not on control measures that are novel, undemonstrated, or extraordinarily costly. For example, CCS ""is not a viable CO_2 emissions control measure for combustion turbines because CCS is presently neither commercially available nor economically feasible. These limitations on the application of CCS are especially the case with respect to low-load (i.e. peaking) and intermediate-load combustion turbines for which CCS technologies are neither technically achievable nor operationally practical.

CCS is neither an available nor cost-effective control technology for existing natural gas combustion turbines that may need to operate flexibly, shifting output to meet variable electricity demand as intermittent resources and batteries cycle on and off. Major barriers to the deployment of CCS on existing combustion turbines include the following technical limitations and constraints:

- CCS is not fully demonstrated and commercially available for controlling CO_2 emissions from natural gas combustion turbines (in fact CCS has never been applied to the entire flue gas stream of a natural gas combustion turbine unit);
- To the extent available, CCS simply cannot achieve, on a continuous basis, high capture rates of 90% from the flue gas, as EPA is now claiming for new and reconstructed baseload stationary combustion turbines in the final power plant CO_2 rule;
- Many existing combustion turbines are located in areas that are simply not suitable to geological sequestration, thereby making it impossible to inject and sequester the CO_2 in locations near the facility site; and
- The construction and use of CO_2 pipelines are neither economic nor realistically practical to transport the captured CO_2 from many, if not most, existing combustion turbines to other locations (frequently great distances away) suitable for geological sequestration.

[6] CAA Section 111(a)(1).

Similarly, co-firing with clean hydrogen should also be rejected as a possible CO_2 control option for existing combustion turbines based on the same reasons that EPA has entirely removed hydrogen cofiring as a feasible BSER control technology under the final power plant CO_2 rule. Just as EPA determined in the case of new and reconstructed natural gas combustion turbines, sufficient clean hydrogen cannot be produced at reasonable costs to support a decision that hydrogen co-firing qualifies as a BSER technology for existing natural gas combustion turbines.

Finally, the Agency's BSER determinations based on energy efficiency improvements should account for the technical, economic, and other practical limitations of implementing major efficiency improvements that require major overhauls and reconstruction of smaller combustion turbines. Imposing overly stringent performance standards that effectively require major overhauls and reconstructions of smaller combustion turbines may not be technically or economically feasible due to turbine age, design, lack of support and retrofit options, or other physical constraints, and thereby unnecessarily force the premature retirement of those turbines.

As an example, consideration of potential efficiency gains available from converting simple cycle turbines into combined cycle plants misunderstands the important and distinct market roles served by each type of turbine. Generally, simple cycle turbines are utilized for their ability to start and inject power to the grid within minutes of being called to do so whereas more efficient combined cycle plants require several hours to start up safely. Converting simple cycle turbines to combined cycle plants ignores the intended purpose of those turbines and simultaneously negatively impacts grid reliability through the loss of fast-starting dispatchable generation essential for supporting increased penetration of renewable generation.

V. SET PERFORMANCE STANDARDS BASED ON "INSIDE-THE-FENCE" CONTROL MEASURES

EPA has authority to adopt emission guidelines requiring states to set CO_2 performance standards that satisfy two related statutory requirements. First, the standards must be based on those control measures that are determined to be the BSER and second, in making this BSER determination, EPA may consider only those control measures "that can be applied at, to or for" an individual stationary source.

Performance standards based on CCS or clean hydrogen co-firing are "outside-the-fence" control measures. In both cases, these control measures will have the effect of transforming the electric power sector by requiring the establishment of a national system of carbon capture, transport and sequestration of CO_2 or the establishment of a national system of hydrogen production using low or no-carbon generation to power electrolysis, with transportation and storage hubs to enable hydrogen co-firing. Furthermore, it would require retirement and reduced utilization of existing combustion turbines as well shifting such generation to renewable energy resources. These "outside-the-fence" control measures are directly contrary to the CAA and the Supreme Court's opinion in *West Virginia v. EPA*.[7] In *West Virginia v. EPA*, the U.S. Supreme Court struck down the EPA's "outside-the-fence" approach under the Clean Power Plan ("CPP"), which included a cap-and-trade system that would result in a shift of electricity production from

[7] 597 U.S. 697 (2022)

coal-fired plants to other sources with lower Green House Gas ("GHG") emissions. The Court concluded that such action exceeded EPA's power under Section 111(d) to establish the "best system of emissions reductions" that has been "adequately demonstrated" and that such generation shifting from coal to other sources constituted a "major question" of great economic significance.[8] As such, a clear statutory authorization from Congress was required, and was missing in the case of the CPP. Therefore, the language of Section 111(d) did not support EPA's conclusion that it could use a cap-and-trade or other system extending beyond the confines of a particular generator to address GHG pollutants. Similarly, the EPA should not adopt performance standards that rely on "outside-the-fence" CCS or clean hydrogen co-firing performance standards that will result in a generation shift from natural gas to other sources, which would involve a "major question" of great economic significance that EPA does not have a clear statutory authorization from Congress to address.

Rather, EPA's BSER determinations for existing combustion turbines must be capable of being applied to each individual affected combustion turbine and may not consider "outside-the-fence" control measures that would have the effect of shifting generation from natural gas to renewable energy resources. The BSER must be limited to onsite measures that can be applied to or implemented at each individual affected source, rather than to the electric grid as a whole. These control measures will generally include energy efficiency measures to improve the existing combustion turbine unit's heat rate and thereby reduce CO_2 emissions.

VI. ALLOW FLEXIBLE IMPLEMENTATION AND COMPLIANCE

The EPA should confirm states' broad authority to implement CO_2 control requirements through flexible, emissions averaging or market-based mechanisms that can achieve required CO_2 reductions in the most cost-effective and efficient manner. As has been shown many times in other CAA regulatory programs, trading and emissions averaging can result in more cost-effective emission reductions and thereby minimize the forced closure of existing EGUs.

In light of the Agency's authority and the many important operational benefits provided by flexible compliance mechanisms, each state should be allowed to develop its own diverse compliance mechanisms, so long as the state regulatory program achieves CO_2 emission reductions that are at least equivalent to the emission reductions that would otherwise be achieved by the application of the performance standards set by EPA's emission guidelines on a unit-by-unit basis. In particular, the emission guidelines for existing combustion turbines should explicitly allow for the use of emissions trading mechanisms, including both rate-based and mass-based approaches, as well as authorize the expanded availability of emissions averaging provisions, including the ability to utilize rolling and multi-year averages for compliance under state implementation plans.

Notably, mass-based emission trading approaches also can be extremely helpful for facilitating operational flexibility of affected existing combustion turbine units and preserving reliable operations while achieving environmental goals and objectives of the emission guidelines in an efficient, cost-effective manner. Expanded averaging provisions, including the ability to

[8] 142 S. Ct. 2587 (2022).

utilize rolling and multi-year averages for compliance in state plans, are important for assuring grid reliability and achieving emissions reductions in an efficient, cost-effective manner.

VII. AVOID STRANDED INVESTMENTS

The federal emissions guidelines should avoid stranded investments to the maximum extent practicable. To further this objective, EPA should only adopt CO_2 performance standards that are technically or economically feasible. Otherwise, stranded investments will result from the premature shutdown of existing natural gas combustion turbine generators due to unrealistic timelines or requirements for installation of costly or unrealistic emissions controls. This would exacerbate current and projected electric reliability concerns by forcing retirement of additional dispatchable thermal generating capacity at a time when resource adequacy is already a significant and growing concern. For these reasons, it is critically important that the emission guidelines adopt reasonable CO_2 performance standards that set achievable control levels that are not prohibitively costly and do not force premature retirements.

The cost recovery of AMP's natural gas generators is the result of a power sales contract between AMP and various municipalities, each of which is a Member of AMP that owns and operates its own electric system. Under the terms of the power sales contracts, each AMP Member participating in the generation project agrees to pay from the revenues of its electric system, on a take-or-pay basis, for its respective share of electric power and energy from the generation projects. Thus, if the EPA adopts performance standards that effectively require the premature retirement of AMP's natural gas generators, particularly while there is still debt service on outstanding bonds used to finance the generation projects, it will result in stranded costs that will have a negative financial impact on the local communities and consumers that AMP and its Members serve. EPA should not adopt CO_2 performance standards that result in stranded investments from the premature shutdown of existing natural gas combustion turbine generators.

VIII. ENSURE ELECTRIC GRID RELIABILITY AND RESILIENCY

It is critically important to maintain an adequate supply of dispatchable thermal capacity to meet ever-growing demand for electricity when several trends raise major concerns regarding the power sector's continued ability to assure resource adequacy and bulk power system reliability.

One trend is that the power sector is retiring large amounts of dispatchable coal--fired generating capacity without constructing and bringing online an adequate supply of replacement generation with the same accredited capacity and other reliability attributes. For example, the nation's coal fleet has capacity totaling slightly more than 180,000 MW, or 16% of total electric generating capacity.[9] As much as an additional 60,000 MW of coal-fired generating capacity is reportedly scheduled- to retire over the next five years (2024 through 2028). Furthermore, EPA's projections under the final power plant CO_2 rule show that coal-fired EGUs could disappear almost

[9] U.S. Energy Information Administration, *Annual Energy Outlook 2023*, https://www.eia.gov/outlooks/aeo/.

completely by 2035 because of EPA regulations and federal and state clean energy policies. This is not solely a concern of generators, but also the organizations responsible for maintaining the reliability and resilience of the nation's electric grid. Due to the rapid decline in dispatchable coal-fired generation, there have been numerous warnings from the North American Electric Reliability Corporation ("NERC"), the Federal Energy Regulatory Commission ("FERC") commissioners, and grid operators of an impending reliability crisis. These warnings have been highlighted in reports issued as early as 2018, but the problem has grown more serious as coal retirements and announced retirements have continued.[10]

A second important trend is the significant increase in electricity demand across many regions of the country. After remaining almost flat over the past decade, electricity demand is now increasing rapidly to accommodate residential electrification, data centers that support the internet and artificial intelligence; manufacturing of solar panels, electric car batteries, computer chips and other technologically advanced products; transportation sector electrification; and powering of new energy production facilities such as green hydrogen plants. As recently as May 8, 2024, PJM Interconnection, L.L.C. ("PJM") released a statement evidencing concerns about EPA's newly issued greenhouse gas regulations that apply to existing coal generation and new natural gas generation. PJM sees "vastly increased demand as a result of new data center load, electrification of vehicles and increased electric heating load," while also noting that this increasing demand "cannot be met simply through renewables given their intermittent nature"[11] Other grid operators, balancing authorities, and organizations responsible for managing the electric grid are echoing similar concerns and challenges as they work to ensure bulk power system reliability and resiliency.

Current risks to electric reliability could be significantly exacerbated if EPA adopts inflexible emissions guidelines that have the effect of forcing shutdown or curtailment of existing natural gas combustion turbines – just when the power sector is becoming increasingly dependent on its remaining dispatchable resources and is trying to increase generation capacity to meet growing demand. EPA must therefore use its broad authority under CAA section 111(d) to adopt measures that are designed to increase compliance flexibilities and help maintain resource adequacy and electric grid reliability. These measures should include:

- Extension of compliance deadlines for existing affected combustion turbines in cases where the owners or operators of the units encounter unanticipated technical or administrative delays beyond their control (e.g., unavoidable permitting delays or supply chain constraints, lengthy environmental assessments);
- Short-term reliability assurance mechanisms to address acute energy emergencies, such as electric grid emergencies associated with extreme weather events when

[10] *See e.g.*, NERC, *2018 Long-Term Reliability Assessment* (December 2018), https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2018_12202018.pdf .

[11] PJM, Statement on the Newly Issued EPA Greenhouse Gas and Related Regulations (May 8, 2024), https://www.pjm.com/-/media/about-pjm/newsroom/2024-releases/20240508-pjm-statement-on-the-newly-issued-epa-greenhouse-gas-and-related-regulations.ashx.

electric demand increases or there are unexpected transmission or generation outages; and

- Long-term reliability assurance mechanisms that will allow existing affected units to operate beyond any established compliance deadlines in order to assure resource adequacy and reliability.

IX. MINIMIZE CONSTRAINTS IMPOSED BY OTHER AIR REGULATORY PROGRAMS

Affected existing combustion turbines are subject to a wide range of regulatory and permitting requirements imposed under the CAA. While compliance with these other CAA requirements must be assured, EPA should make efforts to minimize or limit unnecessary and counterproductive constraints imposed by those CAA requirements, which hinder meeting compliance requirements for reducing CO_2 emissions from existing combustion turbines under CAA section 111(d). One notable example is the New Source Review ("NSR") program, which has historically been a major deterrent toward improving generation efficiencies at existing fossil fueled EGUs. Obtaining NSR permits for major modifications at existing sources can take several years, cost hundreds of thousands of dollars, and subject sources to new, stringent emissions limits and operating limitations. Reforming the NSR program would therefore be a highly cost-effective way to reduce CO_2 emissions by enabling efficiency improvements for many existing natural gas combustion turbines. For this reason, EPA should establish clear guidance confirming that implementation of efficiency improvements to comply with CO_2 performance requirements does not constitute a "modification" that will trigger the onerous and stringent permitting obligations under the NSR program. Such EPA guidance should apply broadly to both past and future physical or operational changes undertaken to improve generation efficiencies at affected combustion turbines.

X. MAXIMIZE COORDINATION OF CO_2 REGULATIONS WITH OTHER CAA PROGRAMS

EPA should coordinate to the maximum extent practicable and legally permissible under the Act the upcoming CO_2 control requirements with those being developed under other CAA regulatory programs. For example, the compliance deadlines for reducing CO_2 emissions under CAA section 111(d) should extend beyond the time that HAPs controls for existing affected combustion turbines are required under CAA section 112 to allow reasonable time for project planning. In addition, EPA should evaluate the projected cumulative costs and practical impacts of the HAPs controls imposed on combustion turbines under section 112 when setting emission guidelines for regulating those same affected units under section 111(d).

CONCLUSION

AMP submits these comments proposing high-level principles to aid EPA's development of CO_2 performance standards for existing affected natural gas combustion turbines. These comments identify the issues of most concern to AMP. We thank EPA for this opportunity to provide input on these important matters and are fully prepared to assist Agency efforts to develop meaningful, effective and balanced emission regulations.

Respectfully Submitted

Adam Ward
Senior Vice President
Member Services, Environmental Affairs & Policy
American Municipal Power, Inc.
award@amppartners.org
614.325.4662